

Cash Advance / Payday Loan Services

These services are subject to the Deferred
Presentment Service Transactions Act
(MCLA 487.2121 – 487.2173)

How much can I borrow?

Lenders in Michigan are only allowed to loan
a maximum of \$600 (487.2153)(1).

How much can lenders charge in fees?

- The lender may charge a service fee, which is to be charged to the customer on the day of the transaction and is not interest (487.2153)(1).
- The service fee generally can be no more than 15% per each \$100 of a transaction.
For example, a lender cannot charge more than \$15.45 for a \$100 loan, \$22.45 for a \$150 loan, \$29.45 for a \$200 loan, \$42.45 for \$300, or \$76.45 for a \$600 loan.
- If a check bounces, the lender can also charge a maximum of \$25 as a penalty, in addition to the amount owed (487.2158)(3).
- The lender *cannot* charge an additional fee for cashing a business check or money order if you choose to use either of these methods of payment (487.2153). Also, you are entitled to receive the proceeds of the transaction in cash (487.2153).
- State law prohibits any lender from renewing an agreement for a fee. The agreement can be extended; however, there must be no additional

fee or additional money added above the amount owed on the original agreement (487.2155)(1).

- A lender *cannot* contract for or collect a charge for accepting partial payments from a customer if the full amount is paid by the maturity date (487.2157)(2).

Can I cancel the transaction agreement?

Yes. You may cancel the agreement and receive a full refund of the service fee if you return the full amount of cash, which you initially received, by the close of business on the next business day following the date the transaction took place (487.2157)(1).

What if I am unable to pay off the loan?

If a customer is unable to pay back the loan, the lender may pursue any lawful collection effort (487.2158)(2), but not criminal charges (487.2158)(4).

Where can I go to complain?

After signing an agreement, if you believe the lender has violated the law, you should do one of the following:

1. No later than the close of business on the day you signed the agreement, you should notify the business of the violation, in person, providing evidence or documents supporting your claim (487.2156)(1).
2. At any time before signing a new agreement, notify the lender of the violation in writing. This written notice should also include supporting documents or other evidence of the violation (487.2156)(2).

The lender has three business days to determine if they agree and notify you of this determination. If they agree that the law was violated, the lender must return your check and you must return the cash you received under the agreement.

Additionally, for each violation, the lender must pay you restitution, equal to five times the amount of the fee that they charged under the agreement, but not less than \$15 or more than the face amount of your check (487.2156)(4). You may also pursue civil action for actual damages against the company (487.2173).

If the lender disagrees with you and you still believe a lender is acting unlawfully, you should file a written complaint to the State of Michigan Office of Financial and Insurance Services, toll-free at 1-877-999-6442 or go to their website <http://www.michigan.gov/ofis> to obtain a complaint form and more information on how to file.

Michigan requires that all lenders be licensed by the State. The State maintains a database located on the web at http://www.dleg.state.mi.us/fis/ind_srch/ConsumerFinance/Search.asp where you can look up all the officially licensed deferred presentment businesses in your area.

Source: MCLA (Michigan Compiled Laws Annotated)

This information is not intended to substitute for legal advice or representation. Talk with an attorney if you have any question about how this information applies to your own situation.

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